



King County

Performance Auditing and Performance Management

King County Auditor's Office

Mission:

*Through objective and independent audits and services,
we promote and improve performance, accountability,
and transparency in King County government.*

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AGA Performance Management Conference

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King County Auditor's Office

- Overview authority & programs.
- The performance audit context and process.
- How performance measurement is incorporated & examples.
- What is the impact of performance audits?

King County Auditor's Office

- Established in 1969 under the King County Charter.
 - Independent legislative agency with the auditor appointed by the King County Council.
- Conducts performance and financial audits and special studies (annual work program).
- Has authority to provide oversight, including technical assistance, to county agencies/programs in the development and reporting of strategic plans, business plans, performance measures, and other performance improvement efforts.
- Chairs/coordinates Performance Management Work Group.
- Provides oversight of major capital projects (CPO).
- Oversees Countywide Community Forums.



Performance Context

- Performance Management
- Performance Measurement
- Performance Auditing



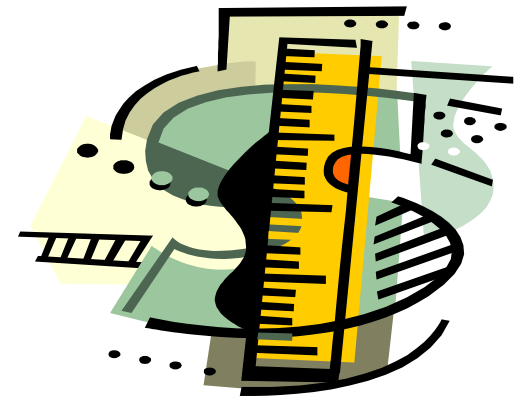
Performance Management

- Mandates and Goals – *Why?*
- Plans, Operations, and Resources – *How?*
- Accountability for Results – *So What?*



Performance Measurement

- Identify measures per goals:
 - Inputs
 - Outputs
 - Outcomes
- Develop targets
- Track/monitor
- Report results



Performance Auditing

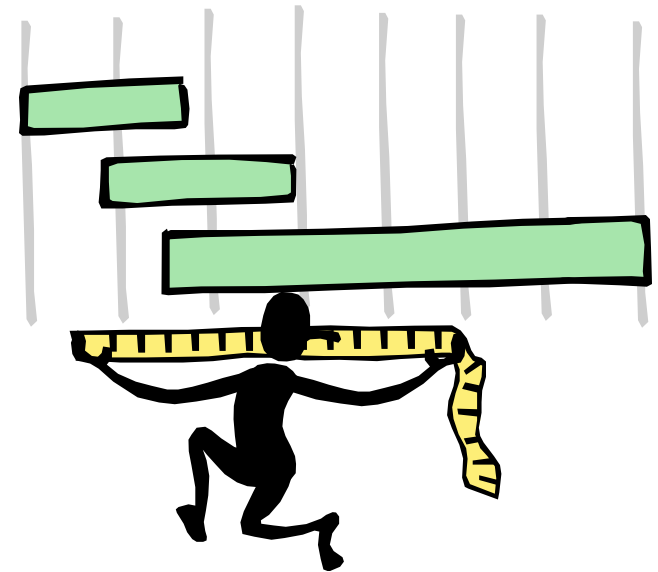
Auditing efficiency, effectiveness, and compliance

- What are the goals and measures?
- Are the measures consistent w/goals?
- How track, report, and use the results?
- What does the measurement indicate?
- What if lack measures?



Performance Measures - Sources

- Agency plans/budget.
- Industry/professional benchmarks/best practices.
- Comparative measures.
- Historical benchmarks.
- Policy/mandated measures.



How Performance Measurement is Incorporated into the KCAO Audit Process

Determine audit scope and objectives

Conduct fieldwork and analysis

Review existing strategic plan, performance management structure and performance measurement data

Evaluate existing measures for alignment, design, validity, applicability, and results.

Develop measures and benchmarks to use as audit criteria if none exist.

How Performance Measurement Is Incorporated into the KCAO Audit Process

Develop findings and recommendations

Potential Finding

1. No measures exist

Potential Finding

2. Measures exist, but not used to manage performance

Potential Finding

3. Measures exist but not aligned with strategic plan

Potential Finding

4. Measures exist but don't measure what is intended

Potential Finding

5. Measures exist but aren't structured to improve performance

Potential Finding

6. Performance measurement system is working effectively

Example One: Performance Audit of Bus Procurement

- Transit buses cost \$1 billion past 10 years; \$100-200 million upcoming purchases.
- How know procurements result in cost-effective, quality, and timely purchases?



Audit Approach and General Findings

Audit Approach

- Established a method to measure bus quality, cost, and timeliness of procurement.
- Determined level of success in recent procurements.
- Identified steps Transit can take to improve upcoming procurements.

General Findings

- Transit has been generally successful in purchasing similar buses at lower cost than other transit entities we surveyed.
- Transit could strengthen bus quality assurance efforts.
- Transit cannot demonstrate that bus purchases have been timely.

Procurement Performance Management

- Although procurement performance management is recommended by industry experts, the transit industry as a whole has not yet undertaken procurement performance management.
- Transit's measurement of the success of the bus procurement program is limited.
- Recommendation:
Transit should implement a bus procurement annual retrospective process that includes:
 - Calculating performance measures
 - Developing action plans to improve procurement outcomes
 - Updating performance measures and targets to increase effectiveness

Procurement Performance Management

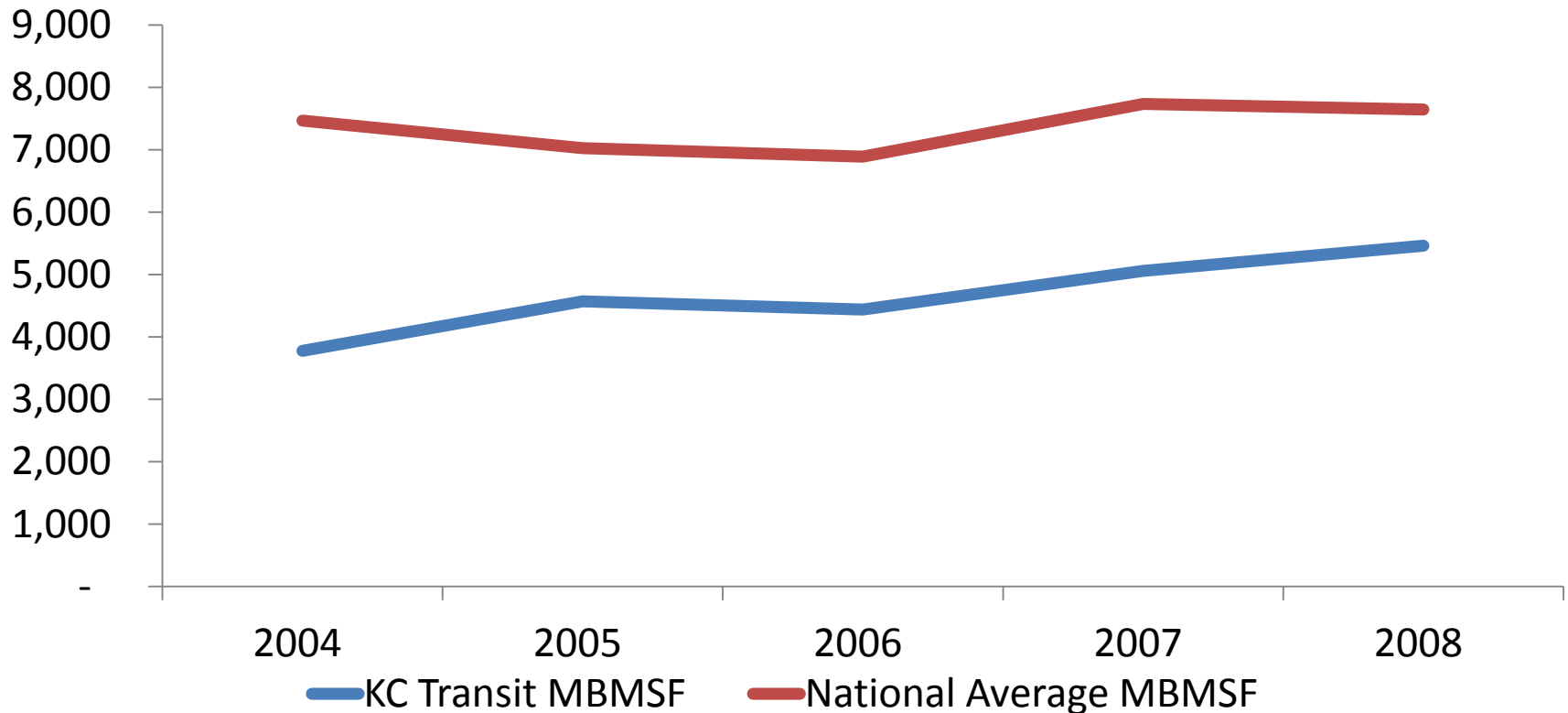
Recommended Bus Procurement Performance Measures

Category	Recommended Measures
Quality	1. Total Cost of Warranty 2. Fleet Defects 3. Miles Between Major System Failures
Cost	4. Purchase Price 5. Fleet Wide Capital Costs
Timeliness	6. Timeliness of Entry Into Service

Example: Quality Performance Measures

Measure #3—Miles Between Major System Failures

KC Transit and National Average



Example Two: Emergency Medical Services (EMS)

- Funded through a six-year county levy.
 - Includes mandate for annual audits.
- Audit in 2010 included a review of EMS “Strategic Initiatives” for improving patient care, containing costs, and creating system efficiencies.
- Difficult to determine the extent of efficiency improvements that resulted from many strategic initiatives.



EMS Finding

Difficult to measure effectiveness of initiatives

The extent to which many strategic initiatives achieved expected efficiencies and costs savings, however, could not be consistently determined based on reported outcomes that are not clear and concise. Project plans with established project milestones and performance standards or targets were also needed to assess actual outcomes or performance improvements and to verify that actual performance was consistent with expected levels from year to year and for the duration of the levy period.

EMS Recommendation

- EMS management should institute performance measures and targets to help promote greater EMS transparency and accountability in developing, implementing and reporting annually on strategic initiatives.
- Project milestones for completion of projects or project stages should be developed for initiatives with outcomes that cannot be quantified or otherwise measured. EMS should also conduct cost analysis for new initiatives with economic impacts.

Example Three:

Legal Office

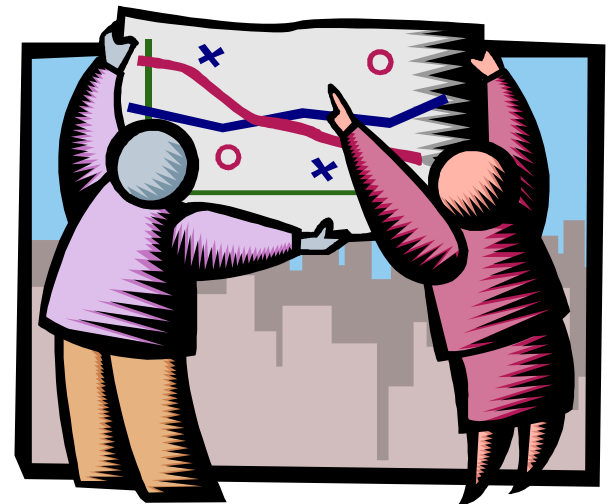
EXHIBIT D

Division Performance Measures

Goal	Measures
Excellence	<ul style="list-style-type: none">• Met annually with department directors and other primary clients to obtain performance reviews.• Communicated results of annual client meetings to sections and adjusted services to meet client needs.
Teamwork	<ul style="list-style-type: none">• Had each section meet at least 10 times.
A Great Place to Work	<ul style="list-style-type: none">• Conducted meaningful annual job performance evaluations.• Presented 8-10 in house Continuing Legal Education (CLE) credits.
Efficiency	<ul style="list-style-type: none">• Assessed whether division operated within its budget.

KCAO Strategic Plan Performance Measures

- Implementation and impact of recommendations.
- Timely completion of work program projects.
- Satisfaction with KCAO.



KC Auditor's Office Performance Measurement

- Concurrence with Recommendations.
- Implementation of Recommendations.

2007-2009 Accomplishments	Results
22 Audit Reports	150 Recommendations
Recommendations Concurred With	99%
Recommendations Implemented	78%

KC Auditor's Office Performance Measurement

- Fiscal Impacts of Recommendations

3 Year Total	One-time Fiscal Impact	Ongoing Fiscal Impact	Potential Fiscal Impact
2007-2009	\$ 105,000,000	\$ 436,000	\$ 91,000,000
2008-2010	\$ 105,451,000	\$ -	\$ 111,000,000
2009-2011	\$ 116,251,000	\$ 205,000	\$ 111,000,000

Thank You & Resources

- [Auditor Roles in Gov't Performance Measurement: A Guide . . .](#) , P. Epstein, S. Grifel and S. Morgan, 2004, IIA Research Foundation
- [Comparative Performance Measurement](#), E. Morley, S. Bryant and Harry Hatry, 2001, Urban Institute
- [Performance Auditing: A Measurement Approach](#), R. Raaum and S. Morgan, 2003, IIA

